

**LODI CITY COUNCIL
REGULAR CITY COUNCIL MEETING
CARNEGIE FORUM, 305 WEST PINE STREET
WEDNESDAY, APRIL 15, 1998
7:00 P.M.**

1. ROLL CALL

Present: Council Members - Johnson, Land, Mann, Pennino and Sieglock (Mayor)

Absent: Council Members - None

Also Present: City Manager Flynn, Deputy City Manager Keeter, Public Works Director Prima, Community Development Director Bartlam, Finance Director McAthie, Electric Utility Director Vallow, Parks and Recreation Director Williamson, Information System Manager Helmle, City Attorney Hays and City Clerk Reimche

2. INVOCATION

The invocation was given by Pastor Natalie Reyes, BAHA'I.

3. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Mayor Sieglock.

4. AWARDS / PROCLAMATIONS / PRESENTATIONS

The presentations as listed on the agenda were heard out of order.

- a) Mayor Sieglock presented a proclamation to Brad Jones with the Employment Development Department (EDD) proclaiming the week of May 3 - 9, 1998 as "Hire a Veteran Week" in the City of Lodi.
 - b) Mayor Sieglock presented a proclamation to Edwin Cotton and Malinda Wallis with the Lodi Boys and Girls Club proclaiming the week of April 19 - 26, 1998 as "National Boys and Girls Club Week" in the City of Lodi.
 - c) Mayor Sieglock presented a proclamation to Doris McCaughna with the Lodi Women's Center proclaiming the month of April 1998 as "Sexual Assault Awareness Month" in the City of Lodi.
 - d) Mayor Sieglock presented a proclamation to Kristy Phillips and Bill Dauer with Lodi Memorial Hospital proclaiming Saturday, May 9, 1998 as "Walk For The Health Of It Day" in the City of Lodi.
 - e) Agenda item #D-3(a) entitled, "Presentation of Certificate of Appreciation to Shawna McCabe with Creative Designs" was rescheduled for the meeting of May 6, 1998.
 - f) Julia Rough with the Greater Lodi Area Youth Commission acknowledged the Teen of the Month, Suzanne Radotic from Tokay High School, and the Honorary Teen of the Month, Darin Guillot from Liberty High.
 - g) Deputy City Manager Keeter provided the City Council with an update regarding the All America Cities Award application. Further, Mayor Sieglock presented Debi Baker, Linda Hansen and Keith Land with Certificates of Recognition for their hard work in assisting staff with this application packet.
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5. CONSENT CALENDAR

In accordance with report and recommendation of the City Manager, Council, on motion of Council Member Johnson, Pennino second, unanimously approved the following items hereinafter set forth **except those otherwise noted**:

- a) Claims were approved in the amount of \$2,393,644.59 and Disbursements Through Wire Transfer in the amount of \$2,331,176.23.
- b) The minutes of April 1, 1998 (Regular Meeting) were approved as written.
- c) Accepted the quarterly report of the City of Lodi pooled money investment account as required by SB564.
- d) Adopted Resolution No. 98-58 awarding the bid for the purchase of five padmount transformers to the bidders whose proposals and equipment met City of Lodi specifications, and whose transformers are expected to yield the lowest overall life-cycle costs:

Kuhlman Electric, Versailles, KY	2 ea. 167KVA 1Ø	\$ 4,773.33
Howard Industries, Laurel, MS	1 ea. 75KVA 3Ø	\$ 3,597.77
Western States Electric, Portland, OR	2 ea. 1500KVA 3Ø	<u>\$34,900.23</u>
		\$43,271.33

- e) Adopted Resolution No. 98-59 awarding the bid for the purchase of 25,000 feet of #2AWG, 20,000 feet of #750Kcmil, and 34,000 feet of #1000Kcmil 15kV primary underground conductor to the low bidder, Pirelli Cables of Columbia, South Carolina, in the amount of \$232,814.35.
 - f) Agenda item #E-6 entitled, "Contract award for the Industrial Substation Transformer #3 Addition and transfer of funds" was removed from the Consent Calendar and discussed and acted upon following approval of the Consent Calendar.
 - g) Received Contract Change Orders for Hutchins Street Square Conference and Performing Arts Center, 125 South Hutchins Street.
 - h) Accepted the improvements under the "Asphalt Concrete Overlay, Slurry Seal and Striping for Hutchins Street, Kettleman Lane to Harney Lane" contract and directed the City Engineer to file a Notice of Completion with the County Recorder's office.
 - i) Authorized the City Manager to execute the necessary pledge to participate in the funding for the California Biosolids Land Application General Order as part of Wastewater Discharge Requirements for Wastewater agencies, including Lodi, throughout the State of California and appropriated funds in accordance with staff recommendation.
 - j) Approved the standardization of the traffic signal controller/cabinet systems.
 - k) Agenda item #E-11 entitled, "Approve purchase and implementation of a Customer Information and Utility Billing System" was removed from the Consent Calendar and discussed and acted upon under the Regular Calendar.
 - l) Adopted Resolution No. 98-62 approving the 1997/98 budget reductions of \$134,500.
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6. ACTION ON ITEM REMOVED FROM THE CONSENT CALENDAR

- a) Agenda item #E-6 entitled, "Contract award for the Industrial Substation Transformer #3 Addition and transfer of funds".

Electric Utility Director Vallow reminded the City Council that on March 10, 1998, bids were received and opened for this project. Three bids were received with the results shown below:

<u>Bidder</u>	<u>Amount</u>	<u>Comments</u>
Power Providers, Rancho Cordova	\$ 777,159	
T&H Joint Venture, Jamestown	\$ 748,000	Did not acknowledge Addendum
Contra Costa Electric, Martinez	\$1,077,804	Did not acknowledge Addendum

During the bidding process, at the request of one of the prospective bidders, an addendum was issued. The Instructions to Bidders in the Bid Documents require that a bidder must acknowledge receipt of all addenda and include such acknowledgment in the proposal together with the bid and bid bonds. Two of the bidders did not include such acknowledgment with their bid, therefore, rendering the bids "not responsive".

On March 12, 1998, at 11:51 a.m. (2 days following the bid opening), T&H Joint Venture did contact the City to indicate that they had received the addendum. The addendum had been forwarded to their estimating department but was not returned to be included with their bid documents, nor was receipt acknowledged in the bid.

The lowest monetary bidder (T&H Joint Venture) has been notified of the recommendation to award this bid to the lowest responsible bidder including the reason for this recommendation and has been informed of the opportunity to address the City Council prior to the award. The Engineer's Estimate for this project was \$571,000. The discrepancies between the Engineer's Estimate and the bids received have given rise to extensive analysis of the bids received as well as what reasons may have caused this difference. The most significant reason for the difference is the market conditions at present and for the foreseeable future in California. Since January 1998 the contracting market for this type of work has seen a massive increase in requests for bids of this magnitude and much larger projects resulting in a shortage of skilled labor and a relatively low response to this bid request by the City, considering bid documents (at a charge) were mailed to 10 interested contractors and notices placed at several exchanges as well. The Engineer's Estimate underestimated the labor rates and the mobilization charges which are directly attributable to the market conditions. Other line items in the bid are not as easily identifiable between bidders. However, it has been learned that should the City elect not to award this bid and rebid, it is likely that fewer bids will be received but more importantly most probable at a higher price due to the demand in the market.

Therefore, based on the conditions as they currently (and in the foreseeable future) exist and the fact that this improvement to the City's electric system is critically needed to serve the industrial sector of the City under emergency conditions it is recommended that the bid be awarded to the Lowest Responsible Bidder. It should also be noted that the power transformer awarded October 15, 1997, will be arriving in Lodi in late July. In order to receive this transformer without additional costs, a portion of this contract (the pad and oil containment) must be completed prior to arrival.

Two additional actions by the Council are recommended:

- That Council authorize the transfer of \$365,000 from the Department's reserves to augment the budgeted funds for this project.
- That Council approve the extension of the agreement with Power Engineers to include tasks 13 and 14 for Construction Inspection services and Commissioning (testing) of the substation as outlined in Power Engineers proposal, Revision A, dated August 12, 1997, at a cost of \$53,700.

Considering the importance of this substation the need to have skilled inspections throughout the construction period cannot be over emphasized. The demand on existing staff from numerous other construction and maintenance projects precludes consideration to perform inspection in house.

The project cost is shown below:

Design, construction contract, bid evaluation and contractor selection (Power Engineers)	\$ 86,255
Power Transformer	\$ 392,287
Construction Contract	\$ 777,159
Inspection services and commissioning	\$ 53,700
Total project	\$ 1,309,401

Addressing the City Council regarding the matter were the following persons:

1. Dennis Ledbetter, T&H Joint Venture, Jamestown, acknowledged that his company did not include a proper acknowledgment of addenda with their bid. He indicated that it was an oversight on their part and appealed their bid being rejected because they did not acknowledge the addendum. Mr. Ledbetter further indicated that there are provisions in the specifications that would allow the City Council to waive any informalities for non-conformance.
2. Steve Zimmel, CEO, Power Providers, Rancho Cordova, also addressed the City Council urging that in order to maintain the sanctity of the bidding process, any bids received where the addendum was not acknowledged should be rejected.

Following questions regarding the matter being directed to the City Attorney, he responded that the City Council should make every attempt to have integrity in the bidding procedure. Further, Mr. Hays indicated that the City Council has the authority to establish rules regarding the bidding procedure. Whether or not it is a triviality is up to the City Council, but if the Council continually waves the rules, it will erode the integrity of the bidding procedure.

Concern was expressed by Council Member Pennino regarding \$365,000 being proposed to be transferred from reserves to augment the budgeted funds. Both Electric Utility Director Vallow and Manager of Engineering and Operations Hansen responded to this by giving an overview of the reasons these bids came in so far over the engineer's estimate of \$571,000.

Following additional discussion with questions being directed to staff, the City Council, on motion of Mayor Pro Tempore Land, Sieglock second, adopted Resolution No. 98-60 awarding the contract for the Industrial Substation Transformer #3 Addition to the lowest responsible bidder, Power Providers, Rancho Cordova, in the amount of \$777,159, authorized the transfer of sufficient funds to fully fund this project and approved extension of agreement for professional services by the following vote:

Ayes: Council Members - Land, Pennino and Sieglock (Mayor)
Noes: Council Members - Johnson and Mann
Absent: Council Members - None

7. PUBLIC HEARINGS

None.

8. COMMUNICATIONS (CITY CLERK)

- a) On recommendation of the City's Risk Manager and/or the City's contract administrator, Insurance Consulting Associates, Inc. (ICA), the City Council, on motion of Council Member Pennino, Johnson second, unanimously rejected the following claims:
1. Anna Guthmiller, date of loss 2/2/98
 2. Karrie Rae Mano, date of loss 2/4/98
- b) City Clerk Reimche read the following ABC Licenses:
1. Robert C. Hamilton, The Day Spa, 625 East Pine Street, Lodi, On-Sale Beer and Wine, Original License **This item was pulled from the agenda**
 2. Landucci, Inc., Landucci's Market Place, 1320 West Lockeford Street, Lodi, Off-Sale Beer and Wine, Original License
 3. Akhtar Izaz Ali to Jyoti S. Singh, Aldee Market, 216 North Cherokee Lane, Lodi, Off-Sale General, Person to Person Transfer
 4. Gallien Inc., to Hossein Fardsalehi, Mountain Mikes Pizza, 550 South Cherokee Lane, Suite E, Lodi, On-Sale Beer and Wine, Person to Person Transfer
 5. Jyoti S. Singh to Promod K. Trehan, Kettleman Lane Chevron, 601 East Kettleman Lane, Lodi, Off-Sale Beer and Wine, Person to Person Transfer
- c) Agenda item #G-3(a) entitled, "Appointment to the Parks and Recreation Commission" was pulled from the agenda and scheduled for a Special Meeting on April 28, 1998 at 7:00 a.m. Mayor Sieglock announced that he was still interviewing applicants and indicated that an appointment will be made at that time.

9. REGULAR CALENDAR

- a) Agenda item #H-1 entitled, "Policy on private directional signs located within the public right of way".

Public Works Director Prima informed the City Council that the City has installed decorative signing on main routes directing traffic to the Downtown/Civic Center area. These signs, and other concerns, have sparked interest by other organizations to install similar signs for their facilities. They include the Library, Hutchins Street Square, and, most recently, a formal request from the Loel Center. Staff has concerns over the long-term ramifications of approving these requests, mainly sign proliferation, and has delayed responding in order to evaluate options.

Options

Staff sees three general policy options:

- 1) Restrictive - This option would be one in which only City operated/funded or other major public facilities would be signed. These would include the existing Civic Center/Downtown signs as well as the blue "Hospital" signs located on Kettleman Lane, the green "Grape Festival", "National Guard Armory", and similar signs approved by Caltrans along the State highways and ramps. City "funded" could allow such facilities as the Boys and Girls Club to be included. This policy would also, of course, include the Library and Hutchins Street Square.

- 2) Moderate - This option would allow non-profit, non-denominational organizations providing public services to have directional signs. This would include the Loel Center, the Women's Center, and similar organizations. This could also be limited to those organizations receiving City funding, such as the Community Development Block Grant Program.
- 3) Open - This option would allow any non-profit or similar organization to have directional signs. This would include churches, lodges, clubs, and similar organizations which have a membership or specific clientele.

Other Requirements

These options all begin on the basis that permanent signage for any commercial activity will not be permitted. This prohibition includes the type of directional/commercial logo signage allowed by Caltrans at highway ramps. All the options include the requirement that the requesting organization will pay for the signs and that there will be a limit as to the number of signs. In most cases, the limit would be four signs, allowing for two locations with two signs--one for each direction. Encroachment permits would be required and they would include design and maintenance provisions to City standards and the authority for the City to remove the sign(s) if not maintained. Presently, there is no fee for encroachment permits and staff intends to bring this fee issue back to the City at a later date.

Staff felt either Option 1 or 2 can be reasonably defined and administered and will not lead to sign clutter. Option 3, while workable, could result in placement of an excessive number of signs.

Recommendation

Staff recommended that Option 2, with the restriction of City funding and the "other requirements", be approved and that the Public Works Department administer the policy with the approval of the City Manager.

Speaking in support of the recommendation was Shelby Young, Senior Administrator, Loel Senior Center, 115 South Washington Street, Lodi. Ms. Young indicated that the Loel Center would be willing to pay for this signage and would also be willing to share a sign with its neighbor, the Lodi Women's Center.

Following discussion with questions being directed to staff, the City Council, on motion of Council Member Pennino, Johnson second, unanimously approved the recommended policy (Option 2 - moderate with City funding restriction and other requirements described in the staff report) on the installation of permanent private directional signs located within the public right of way.

10. RECESS

Mayor Sieglock called for a ten-minute recess and the City Council meeting reconvened at approximately 8:25 p.m.

11. ACTION ON ITEM REMOVED FROM THE CONSENT CALENDAR

- a) Agenda item #E-11 entitled, "Approve purchase and implementation of a Customer Information and Utility Billing System".

Deputy City Manager Keeter provided the following report to the City Council. The City of Lodi Finance Department provides billing services for electric, water, wastewater, and refuse utilities. The current system is not year 2000 compliant nor does it meet electric deregulation requirements.

Staff members began evaluating various Customer Information System (CIS) packages over a year ago, and at that time studied services and products from over 20 vendors. In addition, staff and two Council Members traveled to Oregon to meet with Orcom representatives and to also meet with an alternative vendor in the state of Washington. The bottom line at the time was a preliminary recommendation to acquire Orcom Systems, Inc.'s Mirror Pond software product. However, the project proposal was quoted at \$977,250 for the package in addition to implementation costs, which put the total project cost at over \$1.2 million. Staff was somewhat hesitant to recommend a project of this magnitude without first evaluating alternatives such as outsourcing the function or becoming a member of a service bureau.

The City subsequently joined efforts with the Northern California Power Agency (NCPA) and with the Southern California Public Power Authority (SCPPA) to collaboratively solicit proposals from CIS vendors. The process was time-consuming yet extremely thorough and involved soliciting Requests for Proposals for four primary options:

1. CIS package acquisition by each individual agency for product of their choice.
2. CIS package acquisition by more than one agency of the same product (volume discounting).
3. Service bureau formation whereby agencies jointly purchase one system and run the system out of one agency.
4. Total outsourcing of the utility billing function.

When the NCPA/SCPPA process was complete, it became quite evident that there were limited choices for immediate, cost-effective solutions; primarily those offered by Enable, SCT, and Orcom. The Finance Director and the Electric Utility Director traveled with representatives from the NCPA/SCPPA group to see first-hand the Enable outsourcing option (which uses Orcom software) and to see the SCT product in service.

Through their review of SCT and Enable, and having previously evaluated the Orcom system, their joint recommendation is the Orcom product. Orcom is "ready-to-go," has the actual software already designed and functional, and is the least costly option to the City on a per customer basis. Mr. Stan Helmle, Information Systems Manager, requested of Orcom that they "refresh" their original proposal cost estimates and has since received a revised proposal of \$793,500 for the package. Total costs associated with the project include the following:

Initial Costs:

1. *Orcom Software and Quick Start* – The Orcom Mirror Pond software is a customer information and billing system (CIS) software. The Quick Start implementation methodology has been developed to provide a more reliable, cost-effective method of installation, which attributes to the reduction in cost from Orcom's original proposal.

Cost - \$793,500

2. *Hardware Upgrade* – The IBM AS/400 hardware is in place at the City of Lodi. Hardware is needed to ensure that at least 40 gigabytes of useable disk space is available for the implementation of the Mirror Pond CIS.

Cost - \$54,000

3. *Rate Studies Module* – This application allows for the creation and storage of multiple rate scenarios for comparison and analysis. It can create “what-if” scenarios and will help provide quick response to new economic development opportunities and to staying competitive in a deregulated utilities market.

Cost - \$30,000

4. *Project Contingency* – A typical project budget will include a contingency for unforeseen costs in addition to those costs not yet defined. Contingencies will often range from 10% - 20% depending on the project scope. The Orcom project is well defined; however, the current system, like antiquated infrastructure, may present unanticipated problems. Staff is recommending a 15% contingency.

Cost - \$119,025

Annual Costs for First Three Years:

1. *Contract Analyst* – Since current staff members are entrenched in the J.D. Edwards Financial Systems project as well as the day-to-day demands of data processing, the addition of one contract programmer analyst whose main focus will be CIS will be required for a three-year period to see the project through full implementation.

Cost Per Year - \$65,000

Annual Costs:

1. *Orcom Extended Support* – The extended support program will ensure that the information system keeps pace with technological advancements, new ideas and changing regulations, thereby protecting the investment in the system and the training of staff.

Cost Per Year - \$53,820

City staff members have conducted an extremely thorough review of CIS options in order to confidently make the aforementioned recommendation for the Orcom project. The final capital outlay for the project will be \$956,850, which includes one time costs of:

• Orcom package and implementation	\$	793,500
• Hardware upgrade	\$	54,000
• Rate studies module	\$	30,000
• Contingencies	\$	119,025
TOTAL	\$	996,525

Annual costs will include a three-year contract for an analyst for a total of \$195,000 (or, \$65,000 per year including salary and benefits). There will also be annual costs for extended support by Orcom in the amount of \$53,820 per year.

In addition, it is anticipated that in the near future, the Finance Department will find it necessary to focus a considerable amount of resources on customer service functions. This function, although in place now, will grow and change along with the evolution of deregulation and may make it necessary to hire and train employees in a full-time capacity where the Department now has part-time employees.

Discussion followed with questions being directed to Deputy City Manager Keeter, Finance Director McAthie, Electric Utility Director Vallow and Information Systems Manager Helmle.

The City Council, on motion of Council Member Pennino, Johnson second, adopted Resolution No. 98-61 approving the purchase and implementation of a Customer Information System from Orcom Systems, Inc. for the City's utility billing and customer service function by the following vote:

Ayes: Council Members - Johnson, Land, Pennino and Sieglock (Mayor)

Noes: Council Members - Mann

Absent: Council Members - None

12. ORDINANCES

- a) Prior to the adoption of Ordinance No. 1659 by the City Council, the following persons addressed the City Council regarding the matter:

1. Meenu Chanana, 220 North Cherokee Lane, Lodi, addressed the City Council voicing her objection to the ABC Licenses that had been presented under "Communications" earlier in the evening. Following questioning by Mayor Sieglock, Mrs. Chanana indicated that she was in favor of Ordinance No. 1659 being adopted.
2. Virginia Lahr, 311 East Elm Street, Lodi, addressed the City Council applauding them for the proposed ordinance indicating that she felt it would be most helpful in the future when problems arise. Ms. Lahr also encouraged the City Council to adopt like ordinances for other types of businesses.
3. Mrs. Jyoti S. Singh, Aldee Market, 216 North Cherokee Lane, Lodi, (the ABC License for this business had been read earlier in the meeting under "Communications") addressed the City Council indicating that the reason they were pursuing a hard liquor license was to enhance their business and that they were not trying to compete with any other business.

Following discussion, Ordinance No. 1659 entitled, "An Ordinance of the City Council of the City of Lodi Amending Chapter 17.72 of the Lodi Municipal Code by Adding Section 17.72.040 (F) Requiring the Issuance of a Use Permit Prior to the Approval of an Establishment Selling Alcoholic Beverages" having been introduced at a regular meeting of the Lodi City Council held April 1, 1998 was brought up for passage on motion of Council Member Land, Sieglock second. Second reading of the ordinance was omitted after reading by title, and the ordinance was then adopted and ordered to print by the following vote:

Ayes: Council Members - Johnson, Land, Mann, Pennino and Sieglock (Mayor)

Noes: Council Members - None

Absent: Council Members - None

13. COMMENTS BY THE PUBLIC ON NON-AGENDA ITEMS

There was no one wishing to speak under this segment of the agenda.

14. COMMENTS BY CITY COUNCIL MEMBERS ON NON-AGENDA ITEMS

- a) City Manager Flynn extended birthday wishes to the following people: Council Member Pennino on April 2, 1998; City Attorney Hays on April 12, 1998; and Police Chief Hansen on April 15, 1998.

Continued April 15, 1998

- b) Mayor Pro Tempore Land stated that he had an opportunity to attend a recent Year 2000 Steering Committee meeting and talked briefly about the exciting events that are being planned. Mayor Pro Tempore Land stated that presently there is a logo contest going on and announced that submittals will be received until 5:00 p.m. May 1, 1998. The prize for the winning entry will be \$500.00.

Mayor Pro Tempore Land announced that commencing April 26, 1998 there will be a series of events celebrating the Grand Opening of the Performing Arts and Conferencing Center at Hutchins Street Square.

- c) Mayor Sieglock announced that Saturday, April 18, 1998 the Lodi Boys and Girls Club will be holding its annual auction and dinner, "Lights, Camera, Auction".

Mayor Sieglock indicated that the City had recently received the CalFed report on the Delta. It is being proposed that 200,000 acres of irrigated land be converted to habitat. Mayor Sieglock indicated that this would be very injurious to our economy and proposed that the Council should adopt a resolution urging that this not be done. The Mayor asked that staff review the subject report and prepare comments that can be submitted. Also Mayor Sieglock indicated that several public hearings have been scheduled, but that none of them will be held in San Joaquin County. The Mayor indicated that an immediate request needs to be made to ensure that public hearings be held in San Joaquin County.

15. ADJOURNMENT

There being no further business to come before the City Council, Mayor Sieglock adjourned the meeting at approximately 9:05 p.m.

ATTEST:

Alice M. Reimche
City Clerk